

[MR. SPEAKER in the Chair]

## FINANCIAL BUSINESS.

### Presentation of the Budget for 1954-55.

MR. SPEAKER.—Presentation of the Budget by the Hon'ble the Chief Minister.

SRI K. HANUMANTHAIA (Chief Minister).—

SIR,

RISE to present to the House the Budget Estimates for the year 1954-55.

In the current financial year we have been blessed with plentiful rains and good crops throughout the State. The last three years were years of distress and difficulties. In 1950, the average rainfall in the State was 25.97 inches, in 1951 it was 26.42 inches and in 1952 it was only 20.18 inches as against the State average of 28.25 inches for the last 35 years. In the current year, the rainfall was as high as 38.14 inches. Whatever might be the efforts that man may make, it is only the mercy of Nature that can make us happy and prosperous. I feel that the years of distress and difficulties are over, and that we have entered a period of good rains and abundant harvests.

Government has readily and unstintingly helped the people in the distress areas in the State. Nearly 35 lakhs of people of Kolar, Tumkur, Bangalore and Chitaldrug Districts came under suffering consequent on the failure of rains. The Chief Minister's Famine Relief Fund was started. Generous donations were made to it by the Prime Minister, His Highness the Rajpramukh and numerous others. The collections up-to-date amount to Rs. 5,12,000. The people of Russia and China made a timely gift of foodgrains of the value of Rs. 16,94,500 and a cash contribution of Rs. 1,25,000. I convey, on behalf of this House, our deep debt of gratitude to all these generous-minded benefactors. But the major portion of the money for distress relief came from the coffers

of the Government. We have spent over a crore of rupees drawn from the Famine Relief Fund and other sources. The land revenue remitted amounts to Rs. 11.28 lakhs and collections suspended amount to Rs. 8.05 lakhs. Out of the provision of Rs. 30 lakhs made in the current year's budget under '54. Famine', a sum of Rs. 25.90 lakhs was earmarked for relief works consisting of roads, repairs to tanks, desilting of tanks, sinking of temporary wells and construction of Gokattes. About 3,200 relief works have so far been carried out. It is proposed to complete small irrigation works with the help of the loan of Rs. 42 lakhs offered by the Government of India. The rate of interest is four per cent and the loan is repayable in ten annual instalments. We propose to accept the loan and complete these relief works. The relief works have been of inestimable value in the distress areas so far as tanks are concerned. Desilting and repairs to tanks proved timely; when good rains brought plentiful water to them. Most of the tanks in the State are full. The prospect of a good second paddy crop in the ensuing *Vaishaki* season together with the comfortable stock position of foodgrains in the State gives every hope of our being able to tide over the food situation during the rest of the year.

The presentation of the Budget is an appropriate occasion for a general review of the policies and programmes followed by Government. This will serve as a background against which the estimates proposed can be viewed. I propose to recount them briefly:

#### Integration of Bellary.

As you are aware, seven taluks of Bellary District were added to Mysore State from 1st October, 1953. The area of these taluks is 3,821 square miles and the population is 7,73,712 according to the 1951 census. The area of Mysore State has increased from 29,489 square miles to 33,310 square miles and the population from 90,74,972 to well over a crore now.

I had occasion in the course of the last session of the House during January this year to refer to the integration of Bellary District with Mysore, and its financial implications. It will be seen from the Explanatory Memorandum that the estimated Revenue of Rs. 92 lakhs in the Transferred Territory falls short of the expenditure of Rs. 133 lakhs by a sum of Rs. 41 lakhs. The largest

item of the deficit is the provision of Rs. 22 lakhs towards interest and Sinking Fund on Mysore's share of the Public Debt of undivided Madras. This figure is as yet provisional in the absence of the final allocation of assets and liabilities under the Andhra Act. The exact position can be known only after an agreement is reached between the States concerned. The deficit is much too large for a single district and has to be gradually reduced by bringing down expenditure and raising the revenue resources of the area to the maximum extent possible. Action in these directions has already been initiated. The Madras Laws and Regulations still continue to be in force in the Transferred Territory. There are in effect two sets of laws in the State now, one in Bellary District and the other in the rest of the State. Government have been examining these laws and they propose to get the approval of the House for a few bills in order to achieve the desired uniformity. More bills will be introduced later and some Government Orders passed so as to attain complete uniformity.

The Government of India have set up a High Power Commission to make proposals for the re-organisation of States in India. I welcome the appointment of the Commission. India is now divided into 28 States (10 Part "A" States, 8 Part "B" States and 10 Part "C" States). These divisions are based more upon historical accidents than upon well-considered principles of administrative convenience and cultural affinities. Besides, the three classifications contain anomalies in the matter of size, status, power and functions. Our Constitution is based on the principle of EQUALITY. In fact, in the preamble to the Constitution, it is written that "WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN DEMOCRATIC REPUBLIC and to secure to all its citizens . . . . . EQUALITY of status and of opportunity, and to promote among them all FRATERNITY, assuring the dignity of the individual and the unity of the Nation . . . . .". The very alphabetical nomenclature given to these States speaks of their inequality. Uttar Pradesh has about 6½ crores of people as against Bilaspur which has only about 1½ lakhs of people. Uttar Pradesh has an area of 1,12,523 square miles and Bilaspur State only 453 square miles. The population of Uttar Pradesh is almost equal to the population of 8 Part "B" States, viz., Hyderabad, Mysore,

High Power  
Commission.

Madhya Bharath, Pepsu, Rajasthan, Sourashtra and Travancore-Cochin. The population of all the 10 Part "C" States put together amounts to less than one crore and is less than the population of a State like Mysore. The territories in India must be re-distributed on the basis of equality and administrative convenience to the extent possible. One cannot ignore the importance of language in administrative convenience. The alphabetical categorization of States must be done away with. Equality of status must be established. It is superfluous to reiterate that we are all of one mind, that nothing should adversely affect Indian unity and no proposal which jeopardizes our hard-won freedom and unity must be countenanced.

Mysore State is a composite State. This composite character is our happy heritage. It is our duty to preserve it. Historical processes are expanding Mysore State. The people of the adjoining areas of their own free will are anxious to join Mysore State. We extend to them all, irrespective of the language they speak, a hearty welcome. After all, we are citizens of the same mother land, India, and it would be an act of discourtesy not to welcome them. It may even be said that our patriotism and fraternal feelings are limited if we do not keep our doors open for our own compatriots to come in. Ours is not a policy of aggressive expansionism, but one of welcoming those that desire to join us.

#### **Five-Year Plan.**

The five-year plan of Mysore is an integral part of India's Five-Year Plan. It marks the beginning of a great era in our economic and social progress. The plan represents the determination of our people who, after having attained freedom, have embarked on a programme of rapid and comprehensive economic development to secure a higher standard of living. The five-year plan of the State originally envisaged an aggregate expenditure of Rs. 36.60 crores in the five-year period up to 1955-56. The Planning Commission have now agreed, at our insistent requests, to afford additional assistance of Rs. 3 crores for stepping up the pace of progress of the Bhadra Project and Rs. 50 lakhs for completing the Nugu Project. They have also agreed to provide Rs. 10 lakhs for the development of Cottage Industries. The Development Schemes of Bellary District have now been included in the plan for Mysore. Their estimated cost is Rs. 554 lakhs out



of which the major share of expenditure, namely, Rs. 420 lakhs relates to the construction of the Tungabhadra Project. The development schemes of the Mysore Iron and Steel Works are estimated to cost Rs. 283 lakhs. Thus the total size of the plan, as now revised, is of the order of Rs. 48.57 crores.

The plan contemplated that we would raise Rs. 9 crores by loans in the open market and Rs. 8.80 crores by additional taxation. We were successful in raising a loan of Rs. 3.36 crores last year. The measures of taxation already adopted are expected to yield a revenue of about Rs. 3 crores in the plan period. This leaves a gap of Rs. 6 crores to be made up by borrowing and Rs. 5.8 crores by additional taxation, if we are to implement the plan fully. I am confident that the members of this Hon'ble House are most anxious to see that the plan is implemented in full. It is the only way in which we can place the country on a sound economic footing and give proper meaning to the independence that has been achieved. The Government propose to raise a second Development Loan of Rs. 3 crores during 1954-55 and the measures of fresh taxation proposed to be launched will be indicated later.

The Five-Year Plan was reviewed at the last meeting of the National Development Council. Its scope and expenditure have been further enlarged. We have proposed to make certain re-adjustments in the plan. Schemes for the development of Cottage Industries at an estimated cost of Rs. 1.82 lakhs, and expansion of the Porcelain Factory at Rs. 63 lakhs have been included. We expect to receive assistance to the extent of Rs. one crore for purchasing plant and equipment for the Shimsha Extension Scheme under the T.C.A. programme. It has also been proposed to take up new schemes like the raw film industry, a textile mill at Bellary and a sugar mill at Shimoga. The formation of an Industrial Finance Corporation to assist small and medium size private industries in the State has been engaging the attention of Government. It is proposed to bring the Corporation into existence as soon as the resources for meeting the State's share of the capital can be found.

With a view to create interest in, and to evoke public support and enthusiasm for the Five-Year Plan, the Government of India have provided a sum of Rs. 15 crores for

Local  
Develop-  
ment  
Works.

starting what are called 'Local Development Works' all over the country. The Government of India have provided Rs. 3 crores in their budget for 1953-54. Out of this, a grant of Rs. 6.90 lakhs has been allotted to this State. The response to the scheme by the Local Bodies in the State has been wide and encouraging. 508 works covering construction of schools and dispensary buildings, rural health and sanitation works, roads, bridges and culverts have so far been sanctioned for execution by District Boards, Municipalities and Village Panchayets in the State. The estimated cost of these schemes is Rs. 12.30 lakhs which will be met as follows :—

|                                    | Rs.        |
|------------------------------------|------------|
| Grant by Planning Commission ..    | 6.01 lakhs |
| Contributed by State Government .. | 2.95 „     |
| Contributed by Local Bodies ..     | 1.54 „     |
| Local effort ..                    | 1.80 „     |

This scheme is a beneficent one particularly for the people in the rural areas. It provides them with amenities of various kinds. It is a challenge to their spirit of self-help and patriotism. I would earnestly appeal to the people and their leaders to make this scheme a success.

Second  
Five-Year  
Plan.

I must also refer here to the Second Five-Year Plan for India, the preparation of which has started. A comprehensive plan for the State will be prepared. Before finalising the plan, I propose to convene a representative meeting of officials and non-officials for consultation.

In this connection, I wish to refer to the Prime Minister's observation that planning must commence from the bottom and should not be imposed from above. I am in entire agreement with this view. It is my firm conviction that the successful implementation of a national plan of development is necessarily bound up with the question of a clear-cut demarcation of the respective spheres of activity of the Central and State Governments. The State Governments should be given full responsibility and adequate finances to implement the plan. The system of central assistance has to be changed.

I feel that there is urgent need for reorientation of existing financial relations between the Central and State Governments. I must acknowledge that the Central

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Government have been generous in their assistance for the execution of our development schemes and for the period from 1949-50 to the end of 1952-53 have afforded assistance to the extent of Rs. 839.48 lakhs as grants and loans as detailed below :

|                        | <i>Grant</i>         | <i>Loans</i>         |
|------------------------|----------------------|----------------------|
|                        | <i>Rs. in lakhs.</i> | <i>Rs. in lakhs.</i> |
| G. M. F. ..            | 163.28               | 208.20               |
| Capital Expenditure .. | ..                   | 401.00               |
| Iron Works ..          | ..                   | 67.00                |
|                        | <hr/>                | <hr/>                |
|                        | 163.28               | 676.20               |

In addition to this, for 1953-54, assistance of 416 lakhs is anticipated for Capital, G. M. F. and other schemes. The exact amount of assistance to be drawn will depend on the progress of works. For 1954-55 a loan assistance of Rs. 481 lakhs has been assumed. On principle, it is as financially inappropriate as it is constitutionally wrong for a State Government to be reduced to the position of recipient of doles from the Central Government. Latterly the element of grant in the Central assistance schemes has gradually tapered off. Only loan assistance, and that with many strings attached, is now being offered for particular schemes. The Government have either to accept the conditions or go without financial assistance. This is frankly an embarrassing and unsatisfactory state of affairs. From a constitutional point of view, assistance by the Centre to a State may take the form of an outright grant or loan without any stipulations that would limit its discretion and compel it to follow a particular course of action. From the financial point of view, loans and grants tapering off over a period of 3 to 5 years are onerous as they involve a permanent increase of the financial burden to the State far in excess of its resources. This Government, therefore, feel that there should be a re-adjustment of the financial resources between the Central and State Governments along the line of a major amendment of the Union and State Lists under the Constitution. I earnestly hope that a rational and practicable approach to the question of re-allocation of the financial resources between the Central and State Governments will be found before the Second Five-Year Plan is finalised.

**Efficiency  
in Adminis-  
tration.**

The Prime Minister has stated in a communication to State Governments that tardiness in the conduct of official business and the lack of enthusiasm at the top levels of Government service are due to the faulty method of recruitment and promotions so far followed—merely on the basis of seniority and length of service, and that a radical change is necessary. This is a sound approach to the problem.

We have decided that in promoting persons to higher posts greater emphasis should be placed on merit and integrity in order to encourage really competent persons. Seniority will not be the only consideration. In order to give recognition for good and honest work, a periodical survey will be conducted in all Departments to draw up a list of persons of outstanding merit and integrity. The question of compulsory retirement or demotion of inefficient persons will also be examined and suitable action taken.

An Organisation and Methods Division is being constituted in the Secretariat. This Division will intensively study the administrative techniques and their application. Methods will be devised to eliminate and reduce the delays which occur at various levels.

In a Welfare State, the spirit of service must dominate the activities of public servants. Efficiency in routine work is good. Realistic approach and real service rendered are better. The results achieved by effective service are the best. Work should be done with enthusiasm and earnestness. "WORK IS WORSHIP" should be the motto.

**Land  
Revenue.**

Government have recently implemented their policy of providing lands for landless persons by a suitable amendment of the Land Revenue Rules. Accordingly, 5 acres of dry or 2 acres of wet land are considered to be the minimum extent required for a family and lands up to these limits are to be granted at upset price to landless persons on application instead of the procedure previously in vogue of disposing of lands normally by public auction. This is a reform of far-reaching importance by which it is hoped that as large a number of landless families in the State as possible may be provided with lands at reasonable

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prices. Orders have also been passed reserving twenty per cent of the lands in all those cases where more than 25 acres of Government land are released for being given to members of Scheduled Castes.

Having regard to the beneficial effect of the working of the Tenancy Act on an experimental basis in selected Taluks, the operation of the Act has been extended to the remaining Taluks in the State. A Bill for the abolition of Inams is already before the House for consideration.

A Committee appointed by the Government under the Chairmanship of the Minister for Revenue and Public Works to suggest ways and means of removing defects in the Sales Tax Act submitted their report to Government in January. The report has been released for the information of the public. Government have generally accepted the recommendations of the Committee with a few modifications. A Bill to amend the Sales Tax Act on the lines of the Committee's recommendations as accepted by Government is placed before the House for consideration. The more important amendments are (1) bringing a larger number of articles under single-point levy; (2) levy of tax on articles subject to taxes at multi-point under a slab system; (3) exemption of more articles from sales tax, including handloom products; and (4) levy of tax at single-point on mill and powerloom cloth, other than coarse cloth, at two annas a rupee. Sales Tax.

I hope that the implementation of the recommendations of the Sales Tax Committee thus decided upon will remove the several inconveniences and anomalies in the working of the Sales Tax Act and afford the needed relief to small traders and merchants in the State.

Prohibition is now in force in six Districts and two Taluks in the State. It is now for consideration whether we can extend prohibition to the remaining three Districts and five Taluks in the State. If prohibition is extended to the whole State, the loss of revenue will be of the order of about Rs. 170 lakhs. This would increase our deficit further with no means whatever of covering it. For the time being it is clear that we cannot completely implement our accepted ideology of prohibition. We have to find Prohibition.

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fresh avenues of income by taxation before we can do so. However, it is anomalous to go on maintaining the *status quo* position. If we cannot march to the goal at once, we have to march at least slowly. We may, therefore, think of extending prohibition to a few more Taluks. Prohibition has to be effective. Allowing tapping in the prohibition areas has led to malpractices and consequent ineffectiveness of prohibition to some extent. We, therefore, propose not to allow tapping in the prohibition areas. I hope these two proposals will meet with the approval of the House.

#### Gold-Duty.

Under the Gold Duty Act, the State was in receipt of a revenue of more than a crore of rupees per year. With the repeal of the Act in 1949 and under the terms of the agreement entered into with the Kolar Gold Fields Mining Companies, a revenue of Rs. 20 lakhs per year was anticipated as net surplus. This expectation has not materialised. Government are getting nothing from the Companies for the last two years except a bare royalty at the rate of five per cent which they had to pay irrespective of the agreement. Government have, therefore, constituted a Special Committee for reviewing the agreement with the Kolar Gold Fields Mining Companies and to suggest measures for improving the revenue. Government, I may state, are not satisfied with the working of the agreement. The Mining Companies have inflated their expenditure and shown no profits for the Government to share. I hope the Committee constituted will be able to tackle this vexed question satisfactorily.

#### Insurance Department.

With a view to placing the working of the Mysore Government Insurance Department on a sound footing and attracting business in a greater measure than at present, Government constituted in May 1952 a Committee for the re-organisation of the Mysore Government Insurance Department under the Chairmanship of Sri J. Appaji Gowda. The Committee sent its report and some of its recommendations relating to clearance of the heavy accumulated arrears in the Department, enhancing the rate of interest on Insurance Funds, and the decentralisation of powers at Gazetted and Non-Gazetted levels in the Department have already been accepted by Government. The other recommendations are under consideration. Special mention may be made of the comprehensive proposals for improving the Agency System with an

eye to the development of new business and correlated lines of activities in the years to come. I may mention here that with the co operation of the Indian Council of Agricultural Research, Government have under consideration a pilot scheme of Cattle Insurance, which could serve as a preliminary to a State-wide insurance scheme covering not only cattle but agricultural crops also. With a view to improve the working of field organisation, the post of a Joint-Secretary in the Department has been sanctioned recently. The accounting practice will be greatly improved by the adoption of the mechanised scheme latterly introduced in the Insurance Office. Particular mention may be made of the efforts made to bring about more cordial relationship between the Department and its clientele. The valuation for the quinquennium commencing from 1st July 1948 is receiving the attention of the Department. A need was felt to strengthen Insurance Funds so that the divisible surplus out of which the policy-holders get their bonus may be improved to the maximum extent possible. Government have ordered the revival of the old rate of 4 per cent interest on insurance balances at the credit of the Department with retrospective effect for the entire quinquennium to enable the Department to declare a competitive rate of bonus both in the Official and Public Branches. The total number of life policies issued in the Public Branch was 6,997 in the period from 1st April 1952 to 28th February 1953 with a total sum proposed of Rs. 94,58,835. The corresponding number of policies issued and the amount proposed have increased to 7,422 and Rs. 1,01,90,950, respectively in the period from 1st April 1953 to 28th February 1954. As on 31st December 1953 the amount at the credit of the Insurance Fund stood at Rs. 6,52,03,316. The total premium income (average) of official and public branches is Rs. 82 lakhs per year. I attach great importance to the expansion of the insurance activity not merely for the sake of the direct benefits it confers on the people but more as a means of mobilising resources required for nation-building activities.

14.

In pursuance of the terms of the agreement between the Reserve Bank and the Government of Mysore, the management of the State's Public Debt work as well as the cash work of treasuries in Bangalore and Mysore Cities and at Mandya and Shimoga has been taken over by the

Bank-  
Treasury  
Facilities.

Bank. The question of extending the bank-treasury facilities to four more District headquarters with effect from 1st April 1954, and to 12 other places where there are branches of the Mysore Bank is under consideration. This arrangement has released over a crore of rupees of cash balances locked up in the treasuries for being profitably invested. The clearing facility now provided in respect of cheques drawn by Government Officers which are negotiable is a great advantage to the public in general and businessmen in particular. Such inconvenience as is now felt on account of banks being located at Bangalore and Mysore at some distance from treasuries will also be removed as soon as the banks shift to locations nearer to treasuries. Action is being taken to shift the banks to places reasonably close to treasuries.

#### Unemployment.

The Government are making a survey of unemployment in the State. An appeal has been made through a press communique that the information required may be furnished to the Director of Agriculture and *Ex-Officio* Director of Statistics. The Five-Year Plan has been reviewed and strengthened to afford increased employment opportunities. This Government has decided to participate in the All-India scheme under which employment is to be afforded to 550 S.S.L.C. qualified candidates by absorption in Primary Schools. 200 new Primary Schools and 50 Social Educational Centres are to be opened in the rural areas. 300 persons will be employed as additional teachers in the existing Single Teacher Schools. This scheme will cost Rs. 2,09,000 for 1953-54, of which the share of the Central Government is Rs. 1,77,000. Unemployment is being discussed much now-a-days. A Welfare State has a responsibility to keep all its citizens usefully employed. There has been of late a slight increase in the number of those unemployed. The problem is somewhat acute among the educated. That is due more to the faulty education we have given to them than to actual lack of employment opportunities. They are not so much unemployed as unemployable. The reform of the Education System is the real remedy for unemployment among the educated. But it is our duty to explore all avenues to employ the educated unemployed.

#### Hand-loom Industry.

There has been wide-spread unemployment in the hand-loom industry. Hand-loom cloth cannot, in the



nature of things, compete with mill-made cloth. Therefore, the hand-loom weavers find their occupation adversely affected and are unemployed. The following are among the steps taken to relieve the situation :—

- (1) A cess is being collected by the Government of India on mill-made cloth at 0-0-3 pies in a rupee. Out of this Cess Fund, Rs. 10.13 lakhs is being granted to Mysore Government. This sum will be made available to help the hand-loom weavers by financing the improvement schemes and also by granting rebate on the sale of hand-loom cloth.
- (2) Hand-loom cloth is being exempted from the levy of sales-tax.
- (3) A State Hand-loom Board has been constituted to assist in the development of hand-loom industry.
- (4) An order has been issued that as far as possible hand-loom cloth must be purchased for Government use.

Propaganda has been undertaken to make people purchase hand-loom cloth. The week from 7th to 13th March 1954 will be observed as the All-India Hand-loom Week.

We have to remember that unless we make it our religious duty to purchase Swadeshi articles, we will not make our industries grow and prosper. Unless industries grow and prosper, we cannot afford opportunities for employment. The cult of Swadeshi not only makes our country economically prosperous but also solves the unemployment problem.

An important step taken in the field of our industrial development in the State is the recent decision of Government to extend the Rural Industrialisation Scheme to all the districts in the State. A provision of Rs. 16 lakhs has been made for this purpose in the budget for 1954-55. The scheme is already in operation in the districts of Bangalore, Kolar and Mandya. Dr. M. Visvesvaraya, the father of the scheme, has reviewed the results achieved in these districts so far, and advised us that the scheme could well be extended to the rest of the State. We have accepted his advice. I should express my deep debt of gratitude to Dr. M. Visvesvaraya who has been

Dr. M. Visvesvaraya's  
Rural Industrialisation  
Scheme.

taking keen and sustained interest in the industrial and economic progress of the State. His devotion to duty, enlightened patriotism, his regular and methodical habits even at his advanced age of 94 are shining examples to all of us. My fervent prayer is that he may be spared for long. It is our expectation that the extension of the scheme will make the people industrially-minded, inculcate in them a sense of thrift and thus add to their incomes. This scheme will also relieve unemployment to some extent. The Planning Commission have also been requested to accord their approval and afford financial assistance to the scheme.

#### Industry.

A review of the working of the large scale Government Industrial concerns in the State has shown that except for Government Dichromate Factory, Mysore Implements Factory and Government Silk Filature, the rest have yielded a net profit as the following figures will show :—

| Name of Concern                                       | Capital<br>invested<br>upto<br>31-3-1953<br>in lakhs | Profit<br>or<br>loss | Percent-<br>age of<br>profit |
|---|--|----------------------|------------------------------|
| 1. Mysore Iron and Steel Works ..                     | 531.07   | 33.45                | 7%                           |
| 2. Government Electric Factory ..                     | 22.17  | 1.61                 | 7%                           |
| 3. Government Porcelain Factory ..                    | 14.36  | 0.57                 | 4%                           |
| 4. Government Soap Factory ..                         | 3.84   | 2.55                 | 66%                          |
| 5. Central Industrial Workshop ..                     | 1.52   | 0.26                 | 16%                          |
| 6. Sandal Oil Factory, Mysore ..                      | 0.09   | 6.44                 | 70%                          |
| 7. Government Silk Weaving Factory.                   | 4.31   | 0.10                 | 5%                           |
| 8. Government Dichromate Fac-<br>tory, Belagola .. .. | 8.17   | —0.41                | ..                           |
| 9. Mysore Implements Factory ..                       | 4.42   | —0.58                | ..                           |
| 10. Government Silk Filatures,<br>Kanakapura .. ..    | 4.15   | —1.34                | ..                           |
| Total ..  | 594.10   |                      |                              |

It will be seen that, contrary to the prevailing propaganda, Government management of Industries in this State has not been less efficient or profitable than private enterprise.

The Department of Industries has been giving special attention to the development of cottage and rural industries as well as the hand-loom and Khadi industry in the

State. A Khadi and Village Industries Board has been constituted in the State. There are 31 cottage industry centres in operation at present and assistance from the Government of India to the extent of Rs. 58,500 has been secured for expanding these Centres and for opening new ones.

The House has already considered the report of the Mysore Educational Reforms Committee. Government intended to give immediate effect to the Committee's recommendations in the light of the discussions that took place in both the Houses. But it was considered advisable to await the report of the Secondary Education Commission appointed by the Government of India. The report of the Commission together with the opinion of the Central Advisory Board for Education are now available. The last meeting of the Mysore Educational Reforms Committee was held on the 26th February, 1954. It considered the recommendations of the Commission and the opinion of the Central Advisory Board for Education. On most of the issues involved there has been agreement between the recommendations of the Mysore Committee and those of the Secondary Education Commission. It is now possible to go ahead with the implementation of reforms. To begin with, Government propose to proceed with the qualitative rather than the quantitative implementation of the recommendations. The quantitative expansion of education will have necessarily to depend on the resources available. I am confident that the House will always be willing to approve the financial measures intended to get more money for this purpose. Education.

We have already implemented two recommendations of the Committee, viz., the abolition of the Middle School and Upper Primary public examinations and the creation of the post of Director of Technical Education.

Under the normal activities of the Department, 59 new Primary Schools, 2 Middle Schools and 1 High School have been sanctioned. 33 Primary Schools were converted into New Type Middle Schools. The new Occupational Institute at Mysore will start working from the academic year 1954-55. Under the Five-Year Plan of educational development, special schemes for intensive educational development involving an overall expenditure

of Rs. 2,16,560 during the current year have been launched, the share of the Central Government being Rs. 1,36,784. I have made a reference earlier to the employment of 550 S.S.L.C. qualified candidates as teachers.

The total estimated expenditure on education including University and Industrial Education, Agricultural College and School and educational buildings for 1954-55 is Rs. 418 lakhs. This represents about a third of the revenues of the State. The Finance Commission have observed that Mysore, of all the States in the Indian Union has the highest percentage of share of expenditure on Education. Further expansion of education may well be found to be beyond the normal resources of the State. We have seriously to consider if a change in our basic educational pattern is not called for so as to foster and encourage private effort at all levels of education. This is a matter for the earnest consideration of all of us. I invite the views of the House regarding this matter in the interest not only of the financial stability of the Government, but also of the future development of education in the State.

**Medical  
Department.**

The number of Dispensaries and Hospitals in the State has increased from 493 in the previous year to 509 during the current year. This gives an average of one medical institution for 58.9 square miles and for a population of 18,341. More than 80 per cent of these institutions are serving the rural areas and nearly 80 of these institutions are meant specially for women and children. In addition to these, six dispensaries and six hospitals were opened during the calendar year 1954. A few more are expected to be opened in the current year. There are seven mobile dispensaries in the State. I feel that their number should be increased as they will be able to serve the rural population more effectively. A special provision of Rs. 30,000 has been made in the Budget for the next year for checking the spread of leprosy in the State. We have agreed to the proposal of Government of India to up-grade the Mental Hospital at Bangalore to serve as an all-India post-graduate training centre and research institute in mental and nervous diseases. The Government of India will meet the entire recurring expenditure on the institute of Mental Health amounting to Rs. 1,50,000 per annum and have also agreed to put up a

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hostel at a cost of Rs. 1,50,000. A provision of Rs. one lakh has been made in the Budget for 1954-55 for the up-grading of other Hospitals. It will be of interest to the House to know that the expenditure of the Medical Department which was at Rs. 33 lakhs in 1946-47 will be Rs. 110 lakhs during the coming year. Government have done their utmost to afford medical facilities not only in the urban but in the rural areas also. Any further expansion in this direction has almost become impossible, unless more money is raised either by taxation or donations.

In passing, I would like to mention the great and selfless work done by Dr. Modi in rendering all aid to those suffering from eye diseases. His sympathy and keenness for service are all the more laudable because of his carrying free medical aid to the very doors of the afflicted. It has given us genuine pleasure to help him in his mission of mercy.

Government are fully alive to the maxim that "Prevention is better than cure." They are, therefore, devoting great attention to public health measures. The State has now a network of 135 full fledged health units serving the rural area. The greatest scourge, particularly in the malnad area, is malaria. Government have agreed to participate in the National Malaria Control Scheme sponsored by the Government of India in co-operation with the T. A. A. The programme was launched in the State on 4th November 1953 and is expected to afford protection against malaria to 5 million people in a period of 3½ years at a cost of Rs. 10 lakhs per annum to the State exchequer. While D.D.T. spraying has been undertaken in the rural area at the cost of Government, Municipalities were required to pay contribution for extending this facility to municipal areas. In view of the determination of Government to eradicate malaria as quickly as possible, whether in the rural or municipal area, Government have now decided to extend D.D.T. operations to all Municipalities in the State without payment of contribution. Four B.C.G. campaign units which are now in operation visited 17 towns and 1,167 villages in the State and afforded protection to 3,18,484 persons. The merger of the 7 taluks of Bellary has added further to the responsibilities of the Health Department. As in the case of the Medical Department, the expenditure

Public  
Health.

on Public Health has risen sharply. It stood at Rs. 7 lakhs per year in 1946-47 and will be Rs. 40 lakhs during the coming year.

**Animal Husbandry.**

At present, there are 217 Veterinary Dispensaries in the State. This works out at one institution for every 27,000 heads of cattle and 138.3 square miles, which is the highest in India and practically equal to the standards laid down by the Agricultural Commission. In this respect, we have also already exceeded the target of one veterinary dispensary for approximately every 50,000 heads of cattle provided for in the Five-Year Plan at the end of the first five years of the Plan, on the basis of the cattle population of the whole country.

It is, indeed, a redeeming feature that as many as 80% of the Veterinary Institutions in the State are housed in type design building donated by private philanthropy. The Government owe a deep debt of gratitude to the numerous donors of these buildings.

**Community Project and National Extension Service.**

The Community Project in Sorab-Shikaripur was started on the 2nd October, 1952. Seven National Extension Service blocks have started functioning from the 2nd October, 1953. These blocks cover more than 700 villages and serve about 5 lakhs of rural population. The Government of India has been requested to allot 8 more blocks to the State during 1954-55 and 12 more during the year 1955-56. Steps have been taken to post adequate staff and also gear up the administrative machinery to secure rapid progress both in the Community Project and in the National Extension Service blocks.

**Amelioration of Scheduled Castes and Tribes.**

Government are very anxious to improve the condition of Scheduled Castes and Tribes. To achieve this end, various ameliorative measures have been undertaken. Instead of merely spending money on the construction of houses, schemes have been sanctioned which will result in the improvement of the economic life of Scheduled Castes. A full-time Commissioner of Depressed Classes has recently been appointed. Government have provided a sum of Rs. 25 lakhs in the Budget for 1954-55 for their amelioration. Government are also constituting, as a special case, a Depressed Classes Amelioration Fund to ensure that no portion of the allotted grants lapses.

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The provision of adequate water-supply both in the towns and the villages is a necessity. Government have tackled this problem according to a well considered plan.

Water-Supply to Towns.

A scheme has been drawn up for giving loans to the Town Municipalities for improvement of water-supply. The estimates prepared indicate that the total cost will be over Rs. 2½ crores. It is proposed to take up these works and complete them over a period of five years. Rs. 50 lakhs have been provided for the first instalments of the loans. A separate Superintending Engineer has been posted with a view to achieving rapid progress in implementing these schemes. Seventy-nine works have been administratively sanctioned. It is hoped to complete 12 works during the current year. The main difficulty in completing these schemes as rapidly as we wish to is the limited availability of cast iron pipes. We propose to get most of our requirements of cast iron pipes from the Mysore Iron and Steel Works, Bhadravati. A new Spun Pipe plant is being started at Bhadravati. It is hoped that when this starts production it will be possible to get the requisite quantity of pipes and complete water-supply schemes expeditiously.

Bangalore City has expanded both in area and in population in an unprecedented manner during the last 15 years. The location of some of the Central Government Factories, the increase in the Defence Establishments and the increased commercial and industrial importance of the City have been the main causes for this growth. The population of Bangalore today is more than eight lakhs. The water-supply system was designed for a smaller population and naturally there are complaints about the difficulties in the distribution of water. We propose to remedy this state of affairs. Government have sanctioned a comprehensive scheme which may cost nearly Rs. 70 lakhs. The capacity of the reservoir at Thippagondanahalli will be increased by raising the dam by ten feet. The pumping capacity will also be enhanced. These works may be completed within two years, and thus the supply to the City will increase from 10 million to 16 million gallons a day.

Water Supply for Bangalore and Mysore Cities.

In the case of Mysore City also, there have been difficulties about water-supply. Two alternative estimates, one at a cost of Rs. 39.49 lakhs and the other at

Rs. 26.51 lakhs have been prepared. The Municipal Council, Mysore, have considered these proposals recently. The proposals will be examined in the light of their views and early action will be taken to improve water-supply for the City.

**Rural Water-Supply.**

Under the Village Panchayets and District Boards Act, the construction of wells in the rural areas would come within the purview of Village Panchayets and District Boards. They are expected to undertake these works out of the 25% land revenue assessment transferred to them. There are a number of incomplete well works all over the State. Representations are also being received for the construction of new wells in rural areas. I felt that the progress would be very slow if the work was left entirely to the Village Panchayets or District Boards and that it was necessary to supplement their efforts. A special provision of Rs. 10 lakhs is being made in the budget for 1954-55 for rural water-supply. It is hoped to complete all the incomplete wells now in progress, and also to take up new wells wherever necessary.

**Housing.**

Food and shelter are the primary needs of human beings. Government had not paid adequate attention to the satisfactory solution of the problem of housing on a planned basis. It is usually the poorer classes of people in general and the labourers in particular that suffer on account of insanitary and inadequate habitations. Government thought it right to tackle the problem from the bottom. They, therefore, passed in 1949, the Mysore Labour Housing Act to provide proper housing accommodation to the labour population in the State. After this Ministry came into Office in 1952, the implementation of the provisions of the Act was taken on hand. A Labour Housing Corporation was set up and began its work. In the meanwhile, the Government of India initiated a scheme of subsidised industrial housing. These two measures could not proceed on parallel lines. By mutual consultation it was finally decided harmoniously to combine their working. Under the Government of India Industrial Housing Scheme, 50 per cent of the cost is being given as subsidy and 50 per cent as loan. The construction of 1,588 houses has been decided upon in Bhadravati, Mandya, Davangere, Mysore and Tiramkudlu-Narasipur at a total cost of Rs. 42,00,560. One



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hundred and fifty houses have already been completed at Mysore. The construction in other places is in progress and will be expedited. An additional scheme for constructing 700 houses at Rajajinagar, Bangalore, at an estimated cost of Rs. 22,25,440 has been sent to the Government of India. We are awaiting their approval. The middle class is proverbially the backbone of society. They need and deserve Governmental help in the matter of housing accommodation. Government, therefore, propose to constitute a Housing Board for the purpose of providing houses to the middle class as well. This Housing Board will ultimately build houses both for the labour and middle classes. A Bill is being prepared for this purpose, and will soon be placed before the Legislature.

A record level of storage was reached in the Krishna-raja Sagar Reservoir during the monsoons this year. Coming after a series of unfavourable seasons, this feature of the year is most reassuring from the point of view both of irrigation in the Visvesvaraya Canal area and of power generation at Sivasamudram.

Public  
Works  
Department.

As I have already mentioned, the Government of India have given assistance to the extent of Rs. 3 crores for speeding up the execution of Bhadra Reservoir Works and of Rs. 50 lakhs for completing the Nuga Reservoir during the first Five-Year Plan period and it is proposed to allot a sum of Rs. 2.05 crores from State Funds for the Bhadra Reservoir. With a view to securing expeditious execution of these irrigation projects in accordance with the schedule, the post of a Special Chief Engineer has been created. The necessary provision for the programme during 1954-55 has been made in the budget estimates in respect of these works. A Special Irrigation Division has been constituted for the development of irrigation under the Low Level Canal of the Thungabhadra Reservoir in Bellary District. So far, three distributaries and field channels have been completed which will serve an atchkat of about 10,000 acres.

Owing to unprecedented and heavy rainfall all over the State, damage was done to a number of irrigational works and some of the tanks breached. Restoration and repair of these works are estimated to cost Rs. 11.71 lakhs.

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Action has been taken to repair the damage expeditiously. Government constituted a special committee to enquire into the circumstances that led to the breach of Sangenahalli and Tuppadahalli tanks. On the report of the Committee which has been received recently, Government have passed orders indicating the action to be taken.

About 150 building works pertaining to the several departments, viz., Educational, Medical, University and Police are in progress all over the State.

At the end of 1951-52, there was a total length of 72 miles of cement-concreted roads in the State. During the year 1952-53 and up to date, a length of 47 miles has been cement-concreted covering the more important roads such as the Bangalore-Honnar Road, the Bangalore-Mangalore Road and the Bangalore-Nilgiri Road. The corresponding figures for tarring of roads are 376 miles and 80 miles. The programme for the coming year aims at cement-concreting 50 miles and tarring 90 miles of road, and a total provision of Rs. 42 lakhs is made in the Budget for these purposes. Besides this, there is a proposed allocation of Rs. 86 lakhs for the normal programme of repairs of roads.

The last two years are noteworthy for the number of new bridges opened for traffic. I may mention among them (i) the bridges across the Arkavati near Kanakapura and Ramanagaram and (ii) the bridge across the Yennehole at Tirumale. I give below the more important bridge works in progress during the current year :

- (1) Bridge across the Vedavathi near Byadarahalli, Chitaldrug District.
- (2) Bridge across the Syagalahalla near Kukkadavada, Chitaldrug District.
- (3) Bridge across the Jayamangali river near Puravara, Madhugiri Taluk.
- (4) Bridge across the Nagini near Kaggere, Kunigal Taluk.
- (5) Bridge across the Varada near Karehalli, Sorab Taluk.
- (6) Bridge across the Hemavati near Kerodi, Hassan District.
- (7) Bridge across the Cauvery near Banur.

- (8) Bridge across the Cauvery near Chunchankatte.
- (9) Bridge across the Kumudvati near Churchgundi.

A programme of road and bridge works in malnad area at a cost of Rs. 12 lakhs has also been approved. Most of the works have been taken up and are in progress.

Under the Central Road Fund, a programme of 32 works estimated to cost Rs. 70.56 lakhs has been approved and a reference made to the Government of India. Many of the works included in the programme have already been started and some are nearing completion. The Government of India have further promised to make Rs. 5 lakhs available out of the Central Road Fund Reserve on a matched basis, viz., 50 per cent of the cost being borne by the Government of India and the balance of 50 per cent by the State Government. Proposals involving an expenditure of Rs. 10 lakhs for the construction of bridges in malnad taluks have already been sent to Government of India. This Government have since agreed to participate in the All India Highway Scheme at an extra expenditure of Rs. 2.45 lakhs per annum, commencing from 1954-55. As a result of the reclassification of roads in the State, decided upon during the year, a number of District Board roads have been taken over for maintenance by Government at an additional recurring cost of Rs. 8 lakhs per annum, thereby relieving the District Boards of their obligations to that extent.

The expenditure on Public Works including major projects during 1950-51 was Rs. 221 lakhs, during 1952-53 Rs. 410 lakhs and 1953-54 Rs. 648 lakhs. We have allotted Rs. 743 lakhs for expenditure in the Budget Estimates for 1954-55 exclusive of contribution and other works.

People in Mysore have taken to the use of electricity so well that Government are not now in a position to meet all the demand. This wide and varied use of power is indeed a pointer to the economic, industrial and agricultural progress we are making. To improve and accelerate the use of electricity, Government are considering new schemes. To meet the immediate demand for increased power supply and pending the finalisation of power development schemes in the Sharavathi Valley, it has been Electricity.

decided to take up the Shimsha Expansion Scheme at an estimated cost of Rs. 3.45 crores. A token provision of Rs. 5 lakhs has been made in the next year's budget for the scheme.

**Grow More Food Schemes.**

The activities under the Grow More Food campaign continued during the period under review with increasing vigour and to marked effect. A special feature of the activities has been the supply of power to irrigation pumping sets. The following figures indicate the progress made in this direction :—

|  |    |       |
|--|----|-------|
| Number of pumps in 1927-28                   | .. | 55    |
| Number of pumps in 1937-38                   | .. | 549   |
| Number of pumps in 1947-48                   | .. | 1,283 |
| Number of pumps in 1951-52                   | .. | 3,387 |
| Number of pumps till the end of January 1954 | .. | 5,166 |

The demand from the agricultural population for supply to irrigation pumping sets has been increasing phenomenally, especially in the distress districts, and every attempt is being made to meet it to the extent possible. So far, we have received central assistance on this account to the extent of Rs. 155 lakhs, and further assistance for the year 1954-55 has been sought. Power supply is being extended in distress areas of the State to 1,600 pumps at an estimated cost of Rs. 50 lakhs and in the remaining areas to 240 pump sets at an estimated expenditure of Rs. 15 lakhs.

Improvements to irrigation works under the Grow More Food programme cover 24 major tanks, 1,156 minor tanks, at a cost of Rs. 18.78 and Rs. 17 lakhs, respectively, in addition to desilting 250 tanks involving an expenditure of Rs. 9.5 lakhs and numerous works of construction and repairs to channels and small irrigation works. The total expenditure is about Rs. 87.28 lakhs and is expected to benefit 35,750 acres. The Government of India have sanctioned a grant of Rs. 5.49 lakhs and a loan of Rs. 141.5 lakhs in respect of the several Grow More Food schemes in the State for the next year, which are expected to benefit 20,700 acres. The curtailment in the programme for the next year as compared with the current year was necessitated by the diminution of the financial assistance promised by the Government of India.

Schemes for utilising the sewage in Bangalore and Mysore Cities have been taken up during the current year at a cost of Rs. 6.20 lakhs out of the loans secured from the Centre. Further assistance for the completion of this scheme during 1954-55 has been sought from the Central Government. A scheme of distribution of 20,000 tons of ammonium sulphate to agriculturists during the current year, against the normal offtake of 3,539 tons per year, was launched with an arrangement for affording short-term credit to persons undertaking the Japanese method of paddy cultivation. The response from the raiyats is encouraging. The programme for 1954-55 has been drawn up at an estimated expenditure of Rs. 10 lakhs. A point of special interest in connection with the question of artificial manure is the possibility of the use of ammonia as such as a soil fertiliser which would bring down considerably the cost of manuring to the cultivator. The credit for the idea goes to Dr. Nagan Gowda, our Minister for Agriculture. It has been observed that a number of agricultural and horticultural farms working in the State are uneconomical in their operations and it has been decided as a matter of policy to hand over such farms, except those maintained for purposes of demonstration and research, to educational institutions as fields for manual work under the reformed system of education.

In pursuance of the policy of progressive de-control and restoration of trade in foodgrains to normal channels, statutory rationing was abolished in the Cities of Bangalore, Mysore, K. G. F. and Davangere. At the same time the distribution of foodgrains from Government Depots has been continued to obviate hardship to the people and with a view to keep the price of foodgrains in open markets under check. It, however, became necessary to import millets to the extent of 65,000 tons during 1953 to meet the shortage on account of the partial failure of the millet crop in the State. *Per contra*, it was possible to supply 20,000 tons of rice to Travancore-Cochin from surplus stock in the State at an economic price. The improvement of the food position has made it possible to give up local procurement of ragi and jola. Paddy is being procured on a voluntary basis at the rate of Rs. 22 and Rs. 20 per palla for the 1st and 2nd varieties, respectively. These rates have been fixed to guarantee a minimum profitable price to the grower.

Food and  
Civil  
Supplies.

For, to make food production uneconomic is again to invite scarcity conditions from which we have suffered much. Purchase depots have been opened all over the State and up to 2nd March 1954 paddy to the extent of 2,95,185 pallas has been purchased. The Government of India have also since removed restrictions on inter-State movement of coarse grains and gram throughout India and released wheat to trade channels.

The position as regards supply of cloth and yarn in the State continues to be satisfactory after the removal of the controls on these articles in July 1953.

Substantial economies in the expenditure on the staff of Food and Civil Supplies Departments has also been made to the extent of Rs. 12.25 lakhs as a result of the improved position and relaxation of controls.

**Road  
Transport.**

The policy is to extend the Government monopoly gradually over more routes in the State. Accordingly, the purchase of a fleet of 50 new buses was ordered, and a part of the consignment has already arrived.

An advisory committee has been constituted for scrutinising the working of the Department from time to time. I hope the deliberations of this committee will help in the efficient running of the Department.

**Co-operation.**

The total number of Co-operative Societies in the State was 5,269 with a membership of nearly 5.76 lakhs. The paid-up share capital exceeded Rs. 1.6 crores and the working capital was about Rs. 7 crores. The total turnover during the year exceeded Rs. 26 crores. I need hardly emphasise the necessity for improving the co-operative movement in the State, and I may assure the House that the Government will spare no efforts to strengthen the co-operative movement for the service of the people.

In pursuance of the scheme of affording short-term credit to agriculturists through Co-operative Societies sponsored by the Reserve Bank of India, steps have been taken to strengthen the Department for taking up this new service. Three District Central Co-operative Banks at Shimoga, Hassan and Mandya have already been set

up and it is hoped to start such banks in the remaining district headquarters also.

The Department aims at increasing the number of disease-free layings and starting more aided grainages during 1954-55. Provision has been made for these schemes in the next year's budget with the grant of Rs. 5.06 lakhs made by the Central Silk Board.

Complaints have been received that the Department is not working efficiently. Measures for improving the efficiency of the Department are under consideration, and decisions will be taken very soon.

With the integration of Bellary and the transfer of five jails in that District to the State, it is now under consideration to transfer long-term prisoners from Bangalore to the Bellary Central Jail and to release the accommodation in the Bangalore Jail for education purposes after the construction of a new sub-jail at Bangalore at a suitable place.

The work relating to the administration of Jails has also been transferred from the Director of Medical Services to the Director of Food and Civil Supplies to enable greater attention being paid to prison problems.

I have, in a general way, touched upon the more important factors bearing on the finances of the State. I will now proceed to review the financial position of the current year and the prospects for the next year.

#### REVISED ESTIMATES FOR 1953-54.

The House is aware that the Revenue and Expenditure for the current year were placed at Rs. 2,062.25 and Rs. 2,219.58 lakhs, respectively, resulting in a deficit of Rs. 157.33 lakhs. Subsequently, Bellary was integrated with Mysore and supplementary grants to cover the expenditure in the Transferred Territory up to the end of the year and also the increased expenditure on nation-building activities in the State were obtained from the Legislature at its last Session held in January. These major changes have been reflected in the Revised Estimates. The estimates now stand revised at Rs. 1,966.08

lakhs under Revenue and Rs. 2,204.05 lakhs under Expenditure, leaving a deficit of Rs. 287.97 lakhs. Out of this increased deficit, a sum of Rs. 25 lakhs is accounted for by the Transferred Territory and the balance by major variations anticipated under Revenue and Expenditure, as set out below :—

### I. REVENUE.

| (i) <i>Anticipated decreases—</i>  |       | Rs.      |
|------------------------------------|-------|----------|
| Land Revenue                       | .. .. | 34 lakhs |
| State Excise                       | .. .. | 12 "     |
| Irrigation Works                   | .. .. | 6 "      |
| Industries and Supplies            | .. .. | 78 "     |
| (ii) <i>Anticipated increases—</i> |       |          |
| Stamps                             | .. .. | 5 "      |
| Forest                             | .. .. | 6 "      |
| Receipts from Motor Vehicles Acts  | .. .. | 19 "     |
| Other Taxes and Duties             | .. .. | 13 "     |
| Interest receipts                  | .. .. | 55 "     |

The increase under Interest is due to (1) the receipt of arrears of three years on the share of Public Debt taken over by the Government of India and (2) investment in securities giving better yields.

### II. EXPENDITURE.

| (i) <i>Anticipated increases—</i>  |       | Rs.      |
|------------------------------------|-------|----------|
| Interest payments                  | .. .. | 32 lakhs |
| Civil Works                        | .. .. | 34 "     |
| Pensions                           | .. .. | 5 "      |
| (ii) <i>Anticipated decreases—</i> |       |          |
| Land Revenue                       | .. .. | 6 "      |
| Education                          | .. .. | 3 "      |
| Medical                            | .. .. | 6 "      |
| Public Health                      | .. .. | 13 "     |
| Agriculture                        | .. .. | 6 "      |
| Industries and Supplies            | .. .. | 44 "     |
| Extra-ordinary Charges             | .. .. | 5 "      |

The current year which opened with a cash balance of Rs. 352 lakhs is expected to close with a balance of Rs. 241 lakhs after providing for a Capital Expenditure of Rs. 587 lakhs.



## BUDGET ESTIMATES FOR 1954-55.

For the coming year the Revenue and Expenditure are estimated at Rs. 2,121.40 lakhs and Rs. 2,430.73 lakhs respectively with an anticipated deficit of Rs. 309.33 lakhs on revenue account. Of this deficit, Rs. 41 lakhs is accounted for by the Transferred Territory and Rs. 24½ lakhs on account of Food Department is covered by receipts in the Capital Account. The deficit is so large that the House would naturally wish to know the reason for it and how it is proposed to be covered. An analysis of the budget trends in the last few years reveals that expenditure on certain heads of account, representing nation-building activities, has progressively and very considerably increased from year to year as can be seen from the following figures :—

|   | 1946-47                            | 1952-53   | 1953-54<br><i>Revised</i> | 1954-55<br><i>Budget</i> |
|---|------------------------------------|-----------|---------------------------|--------------------------|
|   | (Rs. in lakhs omitting fractions.) |           |                           |                          |
| Education including<br>Industrial Education<br>and Educational<br>Buildings but exclud-<br>ing Agricultural<br>Education .. | 131 lakhs                          | 345 lakhs | 387 lakhs                 | 415 lakhs                |
| Medical ..  | 33 "                               | 89 "      | 99 "                      | 110 "                    |
| Public Health ..  | 7 "                                | 26 "      | 31 "                      | 40 "                     |
| Agriculture including<br>Gardens ..   | 10 "                               | 47 "      | 57 "                      | 58 "                     |
| Public Works exclud-<br>ing Educational<br>Buildings and in-<br>cluding expenditure<br>met from Funds ..                    | 102 "                              | 272 "     | 367 "                     | 371 "                    |

It may be seen that in the Department of Education the expenditure has increased more than three times. The expenditure in Medical and Public Health Departments has increased to over three and five times, respectively. The rise in the expenditure on Agriculture including Gardens, is nearly six times the expenditure in 1946-47. The total expenditure on Public Works, excluding the major projects chargeable to Capital, will go up to over 3½ crores, excluding educational buildings and this is 3½ times the level of expenditure in 1946-47. This rising tempo of expenditure in Development Departments with

the decline in revenue under Excise and Sales Tax due to downward trends in business would tend to widen further the gap between the anticipated revenues and expenditure for the coming year.

In framing the Estimates for 1954-55, Government have carefully scrutinised the needs of each Department and provided only minimum grants against much larger sums asked for. The provisions now allowed are the bare minima required for completing works which have either already been taken up or those for which commitments have been made under Central assistance schemes. Retrenchments and economies have been effected to the extent possible. Any further reduction would mean not merely an abrupt stoppage of works in progress but closure of educational and medical institutions. There are a number of schemes coming within the purview of National Plans like Community Project, National Extension Service, Local Development Works, Upliftment of Depressed Classes and Tribes for which financial assistance is given by the Central Government. The provision of the State's share of the expenditure on them is unavoidable. The fact remains that our aspirations are great and our resources small. We have to realise the inescapable position that either our aspirations have to be curtailed or our resources have to be increased. I am sure all of you will agree with me that the only course left to us now is to increase our resources by fresh taxation and by Central assistance. The position of a State like Mysore which has earned encomiums of being a model and progressive State makes our task difficult since we cannot afford to go back but can only go forward. But before we can approach the Centre for a larger measure of assistance, there is a duty cast on us to make our due share of contribution for the development of the State. The Union Finance Minister has remarked the other day in his Budget Speech for 1954-55 "the States have not shown the same readiness to augment their resources to the extent envisaged in the Plan. I am not suggesting for a moment that the development of the States is not the concern of the Centre ; but I do feel that the States should make a more determined contribution towards shouldering the burden of the Plan than they have done so far." We have yet to make up the balance of the resources required for the Plan under new taxation and borrowing.

Since we are now entering on the fourth year of the Plan, the tempo of expenditure in the next two years will necessarily be high. We have also to meet other demands outside the Five-Year Plan to which we are committed. It is not wise either to leave a huge deficit in the Revenue Budget of the State uncovered or to meet it from borrowed funds. It is, therefore, inevitable for us to go in for measures of fresh taxation. Government have, therefore, decided in the interests of the progress of the State to place the following taxation measures for the consideration and approval of the House :—

Taxation  
Measures.

- (1) Levy of a surcharge on Land Revenue at the rate of  $12\frac{1}{2}$  per cent of the dry assessment, 50 per cent of the wet assessment and  $66\frac{2}{3}$  per cent on Bagayet assessment.
- (2) Enhancement of the assessment on coffee and other plantation lands to Rs. 10 per acre.
- (3) Enhancement of water rate levied under the Mysore Irrigation Act by 50 per cent.
- (4) Increasing the rate of surcharge on Electricity from 10 to 20 per cent.
- (5) Enhancement of the rate for supply of power to Irrigation Pumps to nine pies in the case of food crops, and to one and half annas in the case of non-food crops.
- (6) Raising the Stamp and Registration fees to the level of the rates in Madras.
- (7) Levy of Sales-Tax in the case of hotels at 10 per cent on a turnover of and above Rs. 7,500.
- (8) Levy of Sales-Tax on mill and power-loom cloth, other than coarse cloth, at two annas per rupee at a single point.

The additional revenue from the above measures may be placed at about Rupees One Crore annually. Taking into account the expenditure on Food Department which will be covered by receipts and the yield from new taxation, the balance of the anticipated deficit in the next year's Budget, viz., Rs. 185 lakhs has necessarily to be left uncovered. It is proposed to meet this deficit out of loans for specific schemes to the extent of Rs. 40 lakhs and the rest from the opening cash balance.

Parliament passed the 'Estate Duty Act' last year and it has now become law. It applies to Mysore in

Estate  
Duty.

respect of all properties other than agricultural land. If the act is to be made applicable to Mysore in respect of agricultural land, the State Legislature has to legislate therefor. But under clause (1) of Article 252 of the Constitution, the State can adopt the Central Act by passing a resolution to that effect in both Houses of the State Legislature. Accordingly, a resolution is being placed before the House for adoption. The Central Government will levy the duty on agricultural land as well as other property in the State and make over the entire proceeds, less collection charges, to the State Government. We expect to secure a fairly appreciable amount of revenue from this source in due course.

I am fully conscious of the additional burden which these measures of new taxation will throw upon the people of the State. My sole justification for asking our people to accept it, and to accept it willingly, lies in the imperative need to go forward with the Plans of the State's future development with undiminished vigour and in a spirit of determination not to stop at any cost until we reach the objects we have set out for ourselves.

I should also mention here the fact that while the rate of every tax has been raised and raised several times, it is the rate of assessment on land that alone has remained at the level at which it stood 30 years ago. In the last 30 years the prices of agricultural produce have increased at least fivefold. The levy of a surcharge on land assessment has a justification, for, its burden is distributed over a very large number of persons and its incidence on any one point will not, therefore, be unduly heavy. As the proceeds of the levy will be devoted to development schemes, the ultimate beneficiaries will be the agriculturists themselves.

Coffee and other plantation lands in the State have enjoyed the privilege of an unduly low rate of assessment all these years. These lands yield commercial crops of high value. The neighbouring States of Coorg, Travancore-Cochin and Madras have imposed agricultural Income-Tax. We could have done likewise. But the owners of these lands are likely to say that the income-tax measure will subject them to harassments and hardships in its working. It is, therefore, proposed to levy a flat rate

of increased assessment instead of levying agricultural Income-Tax.

In the case of lands under large irrigation projects which have been built at a considerable capital cost and the return on which is either nil or very low, a slightly increased return by the enhancement of the water rate would not be unreasonable. It has to be remembered that water rate in this State ranges from Rs. 5-8-0 to Rs. 10 per acre whereas, in the neighbouring States of Madras and Bombay, the rates are not only considerably higher but are also levied on each crop and not annually as in Mysore.

Honourable members may observe that the return from the Electricity Department is steadily going down. During 1954-55 the return on net capital is expected to be only about 3 per cent as will be seen from the figures given below. But Government have to pay interest on public borrowings at more than 4 per cent.

*(In lakhs of rupees omitting fractions)*

|                               |    |             |
|-------------------------------|----|-------------|
| Capital at the end of 1954-55 | .. | 2,573 lakhs |
| Depreciation                  | .. | 377 "       |

|             |    |             |
|-------------|----|-------------|
| Net Capital | .. | 2,196 lakhs |
|-------------|----|-------------|

|                         |          |           |
|-------------------------|----------|-----------|
| Gross Receipts          | ..       | 235 lakhs |
| Working expenses        | 95 lakhs |           |
| Depreciation chargeable | 73 "     |           |
|                         |          | 168 "     |

|              |    |          |
|--------------|----|----------|
| Net Receipts | .. | 67 lakhs |
|--------------|----|----------|

*or about 3 per cent on net capital.*

The existing rates of power supply to large industrial concerns in the State are comparatively low, ranging from 0.125 anna per unit to a maximum of 0.65 anna per unit exclusive of surcharge. It is only in the case of small industries that the rate works up to as much as an anna per unit. In Bombay, a flat rate of 0.5 of an anna with a minimum charge of Rs. 450 per mensem is levied, and in addition there is a surcharge of 15 to 33 1/3%. In

Madras, the rate for large industries goes up to 0.75 anna per unit with a surcharge of 8 annas per K.W. and a further standing charge. The rate for small industries in Bombay is 1.25 of an anna and in Madras it ranges from 0.75 to 0.9 of an anna with a surcharge in both cases. The rate for power supply to irrigation pumps in the State is perhaps the lowest in India, being 6 pies per unit for food crops and 1 anna per unit for commercial crops, with exemption from the levy of surcharge. The rate in Bombay is 0.9 of an anna and in Madras it is  $1\frac{1}{2}$  annas per unit, and in addition to these rates, surcharge up to 25 per cent in Madras and  $33\frac{1}{3}$  per cent in Bombay is levied. A rate working up to about 2 annas inclusive of surcharge has been in force in Bellary District which is now a part of Mysore. Considering the low return Government is getting from the investment on Electricity and the generally higher rates prevailing for supply of power in the neighbouring States, the proposals to enhance the rate of surcharge from 10 to 20 per cent and of the rates of supply of power to irrigation pumping sets to nine pies and one and half annas for food and non-food crops respectively, are moderate and quite justified. It will be remembered that domestic lighting as well as heating and cooking are already exempted from the levy of surcharge and it is not proposed to increase the existing rates on these items.

The rates of Stamp and Registration fees in Mysore have always been much lower than those in the neighbouring States. When higher rates of fees are paid by our neighbours, it stands to reason that the rates charged in this State should also be on a par with those in the other States.

The levy of Sales Tax at 10 per cent on the turnover of hotels is in view of the relatively greater ability of this business to bear a higher rate of taxation. The taxation of mill and power-loom cloth at a higher rate at a single point may add to the price of such cloth. This is one of the effective ways in which hand-loom cloth on the production of which the poorer and more numerous class of weavers in the State are engaged can have a chance of competing with mill cloth. If this helps the hand-loom industry in however small a degree, the measure would have more than justified itself.

The cash balance at the end of 1954-55 is expected to stand at Rs. 44 lakhs. The position is expected to improve with the adoption of the new taxation measures to the extent of the additional revenue accruing thereby.

Cash  
Balance.

The Budget for 1954-55 contains provision for the following important items under Loans and Advances.

Loans and  
Advances.

Land Improvement and Takavi Loans 10½ lakhs.

Loans to Municipalities including Water

Supply .. .. 33 ..

Loans for Irrigation Wells .. .. 3½ ..

Cash credit Loan to Land Mortgage Bank 10 ..

Manure Loans .. .. 15 ..

State Aid to Industries .. .. 4 ..

Loans to Government Servants for House

Building and Purchase .. .. 9 ..

Loans to Co-operative Societies .. .. 7 ..

Loans for Electrical Pumps .. .. 5 ..

Radio and Electricals .. .. 10 ..

Sewage Schemes .. .. 5 ..

In addition, a sum of Rs. 60 lakhs by loan and Rs. 30 lakhs as advance against subsidy, have been provided, for Labour Housing. This provision, however, becomes effective only after the necessary financial assistance is secured from the Central Government.

The total estimate of Capital requirements during 1954-55 is of the order of Rs. 1,068 lakhs. But in view of our restricted resources, the provision in the Budget for 1954-55 has been limited to Rs. 773 lakhs. Of this sum, Rs. 220 lakhs are allotted for Electricity Schemes including Rs. 35 lakhs for Interior Power and Lighting, Rs. 25 lakhs for Transmission, Rs. 33 lakhs for power supply to towns and villages, Rs. 35 lakhs for power supply to irrigation pumps and Rs. 22.42 lakhs towards Mysore's share of the expenditure on Tungabhadra Hydro-Electric Schemes. A token provision of Rs. 5 lakhs has been included towards the Shimsha Expansion Scheme. Besides, a special provision of Rs. 8 lakhs is included for the transferred

Capital  
Expenditure.

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territory. The distribution of capital grants among the major irrigation projects is as follows :—

|             |    |    | Rs.       |
|-------------|----|----|-----------|
| Bhadra      | .. | .. | 150 lakhs |
| Nugu        | .. | .. | 45 "      |
| Tunga       | .. | .. | 32 "      |
| Tungabhadra | .. | .. | 49½ "     |

Capital grants to the extent of Rs. 44 lakhs are made for the expansion of several industrial concerns, Government Electric Factory Rs. 4½ lakhs, Government Porcelain Factory Rs. 30½ lakhs, Mysore Implements Factory, Hassan, Rs. 4 lakhs and Government Soap Factory Rs. 5 lakhs. A sum of Rs. 125 lakhs has been allotted to the Mysore Iron and Steel Works for various development and expansion schemes which are under consideration. To ensure a return on the capital from borrowed funds invested on industrial concerns, interest at the rate of 4 per cent charged on both fixed and working capital is proposed to be raised to 5 per cent. Instructions have also been issued that Capital and Revenue Accounts have to be maintained for all Irrigation Works in accordance with the rules. The capital programme for 1954-55 is based on the following resources :—

|                       |    |    | Rs.       |
|-----------------------|----|----|-----------|
| 1. Public borrowing   | .. | .. | 300 lakhs |
| 2. Central assistance | .. | .. | 350 "     |
| 3. Cash balance       | .. | .. | 123 "     |

#### Conclusion.

Welfare State has become the accepted ideology of all of us irrespective of the political parties to which we may belong. In a Welfare State, money has to be spent wisely and unstintingly to secure the well-being of the people. Naturally, it follows that we should contribute moneys generously for the purpose. Such contributions take the form of taxation. Every tax-payer thus becomes a partner in the great task of National Reconstruction.

Now, Sir, may I request the House to accord approval to the Budget Estimates for 1954-55.